The motion was adopted.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): We shall now take up clause-by-clause consideration of the Bill.

Clauses 2 to 4 were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI M. V. CHANDRASHEKHAR MURTHY: I beg to move:

"That the Bill be passed.

The question was put and the motion was adopted.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): I would now like to take up the Statutory Resolution... (*Interruptions*).

DR. BIPLAB DASGUPTA: Madam, would you like to pass it today? Don't take it up, please.

SHRIMATI MARGARET ALVA: Madam, we are not passing it today. We are taking it up today for the technical reason that a Bill, which is coming from the other House, has to be reported today to be taken up tomorrow. We are requesting that we sit for a little while and start the discussion. In the next 15 minutes, the Bill is expected. It is with the Speaker office. We are waiting for it.

STATUTORY RESOLUTION SEEKING DISAPPROVAL OF THE SECURITIES LAWS (AMENDMENT) ORDINANCE, 1995 (NO. 5 OF 1995)

AND

THE SECURITIES LAWS (AMENDMENT) BILL, 1995.

SHRI VIREN J. SHAH (Maharashtra): I beg to move:

"That this House disapproves of the Securities Laws (Amendment) Ordinance, 1995 (No. 5 of 1995) promulgated by the President on the 25th January, 1995."

Madam, this again is an unfortunate and a painful ritual of opposing an Ordinance. I have a feeling that in this particular case the Government and the Ministry of Finance are comparatively on a weaker wicket than they were on the previous one. In the previous case, I could understand from what the hon. Finance Minister mentioned about the reasons and I need not dilate on that.

Let us take up the history of this. The Securities and Exchange Board of India was set up in 1991. It was long overdue. When it was set up in 1991, there was no legal authority given to it. The SEBI was set up in 1991, though it was long overdue. But, when it was set up in 1991, there was no legal authority given to it with the result that though there was a Board fully manned with a high-level person like Shri G. V. Ramakrishna as Chairman, it did not have any power in the real sense and I do not know that Mr. Ramkrishna sent a number of memoranda to the Finance Ministry suggesting proper legalisation of this aspect of the creation of the Board and suggesting what powers could be given. As we also mentioned in this very House some years back, the SEBI should be given proper teeth to functon. It took some time, but in 1992, an Act was brought in. And what are we doing by this Ordinance? Though there was an Act in 1992, it could have taken care of everything that is brought about by this Ordinance and by the Bill today. It was perhaps not given enough thought. That is a matter of some regret that it was not given despite more than one such missive of memoranda sent by the then Chairman, Shri G. V. Ramakrishna, to the Finance Ministry. As Mr. Guruda Das Gupta had pointed out, it so happened, and I agree with him there, that certain affected persons, affected in the sense particularly on the stock exchange, the broker community were not happy with Mr. Ramakrishna, because of what they described as high-handed atti-

tude. I don't think it was a high-handed attitude, but he was trying to bring about some order and some regulation in the market which gave us a kind of scam that we found and the SEBI was perhaps a creation after the scam, but without teeth, with the power, but without the legal authority. So in 1992, you made some efforts, some partial efforts to give power and legal status to the SEBI, but it was considerably inadequate. Well, one can say from experience that it was necessary to give some more power. But, experience was already there—what we described as scam. The scam itself and the report of the Joint Parliamentary Committee did bring out a number of weaknesses and lacuna in the functioning of the stock exchanges all over. I will restrict myself to a couple of points. This Ordinance was issued on 25th January, 1995.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): I would request the hon. Members sitting on my right to keep some silence so that the Member could speak and we could hear him.

SHRI VIREN J. SHAH: Again, both the Houses met several times in 1994 and despite that there was no effort made to bring in a Bill like this. Though there was an Ordinance in the last Session and again an Ordinance was brought in and we could not turn it into a Bill. I think the hon. Finance Minister might want to enlighten the House again as to what the compelling reasons were that this could not have been thought of and included in 1992 or thereafter in 1993 or 1994. The Ordinance was issued on 25th January, 1995. It said, "It has become necessary to vest SEBI with more powers necessary to arrest recent unhealtry developments noticed in the capital market." What has happened recently? Mr. Gurudas Das Gupta referred to the closure of the Bombay Stock Exchange today. Why has it been closed? Because a particular company—as it has appeared in the newspaper I can name that —M/s M. S. Shoes & Company Ltd. went into the capital market, did not go in with the full particulars, that is what SEBI has brought out and created a situation. That situation was created despite the powers which the SEBI had. When that happened this Ordinance was in effect and the SEBI had all these powers which are mentioned in this Ordinance. Perhaps the Finance Minister could explain to us how with these powers the objectives could not be achieved. The objective of the Ordinance which is mentioned here is precisely to ensure that such things do not happen. More powers to arrest unhealthy developments noticed in the capital market are sought.

Madam, after the powers were given to SEBI, why in this particular case such powers could not be used and we could not arrest the unhealthy policies? If I may refer to my hon. colleague, Shri Gurudas Das Gupta, who has much more in-depth knowledge about the functioning of the stock exchanges, the point is again about the Bombay Stock Exchange itself. There are two comments about the Bombay Stock Exchange and the SEBI also. The comments that appeared in the newspapers were that though SEBI had information or indication, adequate steps were not taken. I do not know whether it is true or not I will not pass a judgment. I will certainly ask the hon. Finance Minister to enlighten us if it was go, and whether the SEBI could not take certain steps either by mistake or by oversight or whatever it was. Coming again to the Bombay Stock Exchange, in the previous three or four settlements, in the case of this particular stock broker vis-a-vis M/s. Shoe Company was brought to the notice of the Board. It was known that this was happening, artificially prices were raised, he was making purchases, but was not making payments. Even the Bombay Stock Exchange did not take effec-

tive steps till the last settlement time came in with the result that people have lost Rs 16 crores, by a large number of investors. There is no way to save them and I do not know how this loss is to be made good to those investing public who proceeded in good faith. The good faith is that through SEBI does not completely guarantee, the impression is that if SEBI has approved it should be a thorough job for the ordinary investor who is somewhere from the mofussil or a city area and who is investing his savings to the extent of Rs. 10,000, 20,000 or 50,000. That money is gone. Scam took away hundreds of crores of rupees, in fact, in thousands. I am told that in the case of MS Shoe Company also investments have been made from different parts of India They are not only big investors, but alos medium and small investors. If this is so, apart from SEBI, what was the role of the Bombay Stock Exchange? The Bombay Stock Exchange has representative of the Government of India, Ministry of Finance or whoever he might be on its board. What exactly do they do? When the hon. Minister mentioned about more effectiveness in the banking sector, is this not enough information that monitoring is not effective to the extent it should be? At least, this case does show that monitoring by the nomintes of the Government on the Board of the Bombay Stock Exchange left much to be desired. If the monitoring was done in the first, second or third settlemtnts, perhaps, losses could have been much lower and the persons could have been brought to book earlier and he might not have been decreed insolvent which has happened today. So, these are the points which require consideration and my resolution is basically on the principle of governing by Ordinance and that is why I move the resolution. Thank you, Madam.

AN HON. MEMBER: You will withdraw it letter!

SHRI VIREN J. SHAH: If there are enough people to vote, I will not

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Mr. Minister.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): Madam, I move-

"That the Bill to amend the Securities and Exchange Board of India Act, 1992 and further to amend the Securities Contracts (Regulation) Act, 1956, be taken into consideration."

The Securities and Exchange Board of India received statutory status on 21.2.1992 and has been active in regulation and systemising the capital market in the country. The capital market has also undergone a major transformation during the last 3 years with new products and participants entering the market. It is necessary to strengthen SEBI's effectiveness to ensure greater discipline in securities market for the healthy and orderly growth.

The proposed amendments will confer larger powers on the SEBI and also enlarge its jurisdiction to newer areas and additional participants. The Bill provides SEBI with authority to impose monetary penalties in the specific cases of violation of law. SEBI will also have powers to regulate the activities of additional intermediaries, like depositories custodians for securities and other category of persons associated with security market, like foreign institutional investors, credit rating agencies and venture capital funds. In addition, SEBI will be empowered to regulate companies of matters relating to issue of capital, transfer of securities and other related matters. There are further provisions in the Bill for enhancing the autonomy of SEBI.

Certain irregularities, uncertainties and unhealthy developments were noticed recently in the capital market. It was observed that SEBI was not able to regulate effectively due to lack of adequate powers. Therefore, it became necessary to vest SEBI with more powers to correct the recent unhealthy development in the capital market. As both the Houses of Parliament were not in Session, An Ordinance was promulgated on 28th January, 1995. This Bill seeks to replate the Ordinance.

I submit the Bill may be taken into consideration.

The questions were proposed

श्री राघवजी (मध्य प्रदेश): महोदया, यह जो अध्यादेश लाया गया है, उसको अधिनियम में परिवर्तित करने का बिल यहां पर प्रस्तुत हुआ है। वास्तव में जो कुछ गड़बड़ियां सिक्योरिटी स्कैम में हुई हैं और जिसमें कई हजार करोड़ का घोटाला हुआ है, उसके लिए एकमात्र कारण यह नहीं है कि जो प्रावधान सेबी में थे, उसमें कमियां या खामियां रही होंगी। यह कारण नहीं था। हालांकि सेबी को लाने का जो उद्देश्य है और इसके पीछे जो मुख्य कारण बना है, वह यही बना है कि पिछली बार कई हजार करोड़ का सिक्योरिटीज का घोटाला हुआ, उसके कारण से इस अध्यादेश को लाने की आवश्यकता पड़ी है। जिस प्रकार से स्टाक ऐक्सचेंजिज हमारे देश में कार्य कर रहे हैं, उसमें सुधार की नितान्त आवश्यकता तो थी ही किन्तु यह सुधार करने में विलम्ब हुआ।

अगर ये सुधार ठीक समय पर लाए गए होते तो इतने बड़े घोटाले में कुछ अंतर तो आ सकता था। स्टाक एक्सचेंज में रेगुलेशन की आवश्यकता हमेशा रहती है क्योंकि देश की कैपीटल मार्किट जो होती है, बहुत बड़े पैमाने में स्टाक एक्सचेंज के माध्यम से ही उसका संचालन होता है। देश में लाखों की संख्या में छोटे-छोटे इनवैस्टर्स होते हैं, जो अपने छोटे-छोटे बजट का रुपया लाभदायी कार्यों में लगाना चाहते हैं। वह विनिमय के बड़े विशेषज्ञ नहीं होते हैं इसलिए छोटे-छोटे समाचार पत्रों से या स्टाक ऐक्सचेंज में काम करने वाले जो दलाल होते हैं, उनके द्वारा जो जानकारी दी जाती है, उस जानकारी के माध्यम से वे अपने छोटे-छोट बजट का रुपया निवेश करते हैं। ऐसे लोगों के हितों की रक्षा करना बहुत जरूरी है और अगर ऐसे लोगों के हितों की रक्षा नहीं हुई तो पूंजी बाजार की बहुत बड़ी क्षति होती है क्योंकि विश्वस्तीयता जब समाप्त हो जाएगी तो छोटे-छोटे निवेश करने वाले लोग आगे नहीं आएंगे। कौन सी कम्पनी की स्थिति सुदृढ़ है, कौन सी कम्पनी पैसा कमाने में सक्षम है, कौन सी कम्पनी किस प्रकार के आर्थिक भंवर में फंसी हुई है, इस बात की जानकारी हिन्दुस्तान के कोने-कोने में, गांव-गांव में और छोटे-छोटे कस्बे में रहने वाले व्यक्ति नहीं जान सकते इसलिए साधारणतया वह रुपया अपने पास रखना चाहते हैं या बैंक में, जहां पर उनको कम ब्याज मिलता है, वहां पर लगाना पसंद करते हैं। लेकिन मुनाफा कमाने के लिए पूंजी बाजार की ओर भी कभी-कभी प्रेरित होने की इच्छा होती है। इसीलिए यह जरूरी है कि स्टाक एक्सचेंज पर ठीक प्रकार से निगरानी हो क्योंकि नियंत्रण कानून का मुख्य उद्देश्य निवेशकर्ताओं की रक्षा करना है। जो कानून बनाये जाते हैं उनको बार-बार निरीक्षण करने की आवश्यकता है कि वास्तव में कानून का संचालन ठीक प्रकार से हो रहा है या कानून में कुछ खामियां हैं। इसी से छोटे निवेशकर्ताओं की रक्षा हो सकती है। दूसरे पूंजी बाजार में मूल्यों के स्थायीकरण का भी कानून पर असर पड़ता है। अगर ठीक प्रकार से स्टाक एक्सचेंज की गतिविधियों पर निगरानी रखी जाती रहे, ठीक प्रकार से नियंत्रण होता रहे तो कीमतों में उतार-चढ़ाव ज्यादा बड़े पैमाने पर नहीं हो पाते। सट्टेबाजी पर नियंत्रण लगता है। कभी-कभी कृत्रिम तरीकों से भी कीमतों के उतार-चढ़ाव पर असर पड़ता है। इन कृत्रिम तरीकों से काफी गड़बड़ियां पूंजी बाजार में होने की संभावना होती है। इसलिए जो कुछ प्रावधान इस

संबंध में होते हैं, जो बोर्ड गठित होता है, उसके जो अधिकार होते हैं, उसका जो संचालन होता है वे ठीक प्रकार से अगर होते रहे तो गड़बड़ियों की संभावना कम होती है। हमारे देश में स्टाक एक्सचेंज का डवलपमेंट काफी बाद में शुरू हुआ है। लेकिन पिछले कई वर्षों में इस ओर तेजी से ध्यान गया है। इसका नतीजा यह हुआ कि स्टाक एक्सचेंज के माध्यम से निवेश करने वालों की संख्या दिन प्रतिदिन बढ़ती जा रही है। पिछली बार जब सेक्योरिटी स्कैम की घटना सामने आई तो निवेशकर्ताओं को झटका लगा। स्टाक एक्सचेंज की विश्वसनीयता पर प्रश्नचिन्ह खड़ा हो गया। निवेशकर्ताओं को आश्चर्य होने लगा कि इस हिसाब में भी गड़बड़ियां हो सकती हैं।

बैंकों का राष्ट्रीयकरण हुआ। बैंकों के राष्ट्रीयकरण के बाद एक प्रकार से बैंकों का एकाधिकार बन गया। निवेशकर्ता यह समझने लगे कि बैंकों में गड़बड़ी नहीं होगी। यह मुनाफा ही कमाते रहेंगे। लेकिन बैंकों का मुनाफा लाभहानि पर तैयार किया जाए तो पिछले दो वर्षों में हिन्दुस्तान के जो प्रमुख बैंक हैं उनको साढ़े आठ हजार करोड़ रुपए का घाटा हुआ। यह घाटा आश्चर्यजनक है, विस्मयकारी है। ऐसी परिस्थिति में करोड़ों रुपए का मुनाफा कमाना तो दूर रहा अरबों रुपए का घाटा उठाना पड़ा। साढ़े आठ हजार करोड़ रुपए का घाटा उठाना पड़ा। इससे निवेशकर्ताओं का विश्वास डगमगाने लगता है। इसीलिए छोटे-छोटे निवेशकर्ता स्टाक एक्सचेंज की तरफ बढ़ना बंद करते हैं। हमारा विशाल देश है। 85 करोड़ की जनसंख्या वाला देश है। इसमें मध्यम परिवार की संख्या बहुत बड़ी है। अगर इनको छोटी-छोटी बचत के लिए प्रोत्साहित नहीं किया गया तो आर्थिक संकट से वे उबर नहीं सकते।

श्री एस०एस० अहलुवालिया (बिहार) : कल बोलियेगा।

उपसभाध्यक्ष (कुमारी सरोज खापर्डे) : बोलिये।

श्री मोहम्मद सलीम (पश्चिमी बंगाल) आधी स्पीच तो हो गई बाकी कल दे देंगे।

श्री राघवजी : मैं अहलुवालिया जी की बात से सहमत हूं कि इसको आगे कल के लिए रख दिया जाए तो ठीक रहेगा। महोदया, इसको अगर आप कल के लिए रख दें तो ठीक रहेगा। हम कल करेंगे।

उपसभाध्यक्ष (कुमारी सरोज खापर्डे) : राघवजी आप दो मिनट और कन्टिन्यू करें।

श्री राघवजी : महोदया, अभी अभी दो-तीन दिन पहले माननीय वित्त मंत्री जी ने बताया कि जो 15 बड़े आयकर दाता हैं जिनके ऊपर आयकर की बकाया राशि है, सबसे ज्यादा बकाया है, उनमें सबसे ऊपर जो नाम है वे ऐसे नाम हैं जो स्टाक एक्सचेंज से संबंधित लोग हैं। हर्षद मेहता और भूपेन दलाल ऐसे लोग उसमें शामिल हैं। जब प्रतिभूति घोटाला सामने आया तो उसके ऊपर जे.पी.सी. बैठी और जे. पी.सी. ने उस पर अपनी रिपोर्ट दी। लेकिन आयकर विभाग को इससे पहले ऐसी कोई जानकारी नहीं थी। एक-एक व्यक्ति पर जो बकाया कर की धनराशि है, वह 15 सौ करोड़ रुपए के ऊपर तक पहुंच गयी है। अगर एक व्यक्ति के ऊपर इनकम टैक्स की इतनी बकाया धनराशि निकल रही है, तो ऐसी हालत में क्या आप उम्मीद कर सकते हैं कि आप कर की बकाया राशि आप उनसे उसूल कर सकते हैं। ऐसे 15 लोगों में आधे लोग ऐसे हैं जिनके ऊपर जो बकाया है वह कोई छोटी-मोटी राशि नहीं है। बल्कि यह बहुत बड़ी राशि है और उनके लिए ऐसा करना तभी संभव हुआ क्योंकि जो स्टाक एक्सचेंज के नियम थे, उन नियमों का ठीक से पालन नहीं हुआ, इसके ऊपर ठीक से निगरानी नहीं रखी गयी, लापरवाही बरती गयी और इस कारण से अपने ढंग से जिनको जितना मानमानी करनी थी, वह वैसा करते रहे।

उपसभाध्यक्ष (कुमारी सरोज खापर्डे) : राघव जी, मुझे आपसे एक निवेदन करना है। अगर आप कल इस विषय पर अपने भाषण को कन्टिन्यू करें तो ज्यादा ठीक रहेगा।

Now, I would request the hon Minister, Mr. Chandrashekhar Murthy to lay the Papers on the Table.

PAPERS LAID ON THE TABLE-CONTD.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): Madam, I beg to lay on the Table, under section 9A of the Customs Tariff Act, 1975 a copy each (in English and Hindi) of the following Notifications of the Ministry of Finance (Department of Revenue) together with Explanatory Memoranda thereon:—

(i) No. 74/95—Customs, dated the 20th March, 1995 seeking to impose provisional anti-dumping duty on Theophylline and Caffeine exported from the People's Republic of China at the rate of Rupees one-hundred and eight and Rupees one hundred and one per kilogram respectively.

(ii) No. 75/95—Customs dated the 20th March, 1995 seeking to impose provisional anti-dumping duty 3, 4, 5 Trimethoxy Benzaldeliyde exported from the People's Republic of China at the rate of Rupees two hundred and thirty-seven per kilogram. (Placed in Library. See No. LT—7114/95)

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Now, Message, from the Lok Sabha.

MESSAGE FROM LOK SABHA

The Customs Tariff (Amendment Bill, 1995.

SECRETARY-GENERAL: Madam, I have to report to the House the following message received from the Lok Sabha signed by the Secretary-General of the Lok Sabha:

"In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Customs Tariff (Amendment) Bill, 1995, as passed by Lok Sabha at its sitting held on the 20th March, 1995.

2. The Speaker has certified that this Bill is a Money Bill within the meaning of article 110 of the Constitution of India."

Madam, I lay a copy of the Bill on the Table.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDED): The House stands adjourned till 11 a.m. tomorrow, the 21st March, 1995.

The House then adjourned at forty-nine minutes past five of the clock till eleven of the clock on Tuesday the 21st March, 1995.